

Internal Revenue Service

Department of the Treasury

District
Director

[REDACTED]
Date: JUL 16 1986

Person to Contact:
[REDACTED]

Contact Telephone Number:
[REDACTED]

Refer Reply to:
[REDACTED]

CERTIFIED MAIL

Dear Applicant:

We have considered your application for tax-exempt status under section 501(c)(3) of the Internal Revenue Code.

The evidence presented disclosed that you were incorporated on [REDACTED] under the not-for-profit Corporation law in the State of [REDACTED].

The purposes for which the corporation was formed are "to conducted research into the geneology of common ancestors and to exchange information regarding common ancestry."

The information submitted with your Application 1023 indicates that your primary activity consists of researching church and governmental records in an attempt to locate the lineage of descendants of [REDACTED] who migrated to America from [REDACTED]. Some time in the 1600's and to provide such information to current descendants. Assistance is also provided to non-member in research of [REDACTED] lineage at no charge.

Section 501(c)(3) of the Code provides, in part, for the exemption from Federal income tax of organizations organized and operated exclusively for charitable, religious, scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

In order to qualify under IRC 501(c)(3), an organization must be both "organized" and "operated" exclusively for one or more purposes specified in that section. If the organization fails to meet either the organizational test or the operational test, it is not exempt. (Regs. 1.501(c)(3)-1(a)(1)). The organizational test relates to the rules for governing an organization and the purposes stated in its articles of organization. The operational test relates to the organization's activities.

Section 1.501(c)(3)-1(c)(1) of the Regulations states that if more than an insubstantial part of an organization's activities is not in furtherance of exempt purposes, the organization will not be regarded as exempt.

In Better Business Bureau v. U.S., 326 U.S. 279 (1945), the Supreme Court stated that the presence of even a single, non-exempt purpose, if more than insubstantial in nature, will defeat exemption under Section 501(c)(3) of the Code, regardless of the manner or importance of the truly exempt purposes. Section 1.501(c)(3)-1(d)(1)(ii) of the Regulations provides, in part, that an organization is not organized or operated exclusively for one or more of the purposes mentioned in section 501(c)(3) of the Code unless it serves a public rather than a private interest. An organization may not be exempt if it is operated for the benefit of private individuals.

Revenue Ruling 80-302, 1980-2 C.B. 182 holds that an organization which conducts genealogical research which limits its membership to descendants of a particular family, compiles family genealogical research data for use by its members for records other than to conform to the religious precepts of the family's denomination and present data to designated libraries does not qualify for exemption under Section 501(c)(3) of the Code. The revenue ruling concluded that compilation, publication, preservation, and distribution of genealogical data has some educational value to individual members. However, when these activities are primarily limited to one particular family the activities do not advance education within the meaning of Section 1.501(c)(3)-1(d)(1)(ii) of the Regulations. Any benefit to the general public is merely incidental to the private benefit accruing to family members.

Like the organization described in Revenue Ruling 80-302, limiting membership to descendants of a particular family; and, compilation of genealogical data on its members serves the private interests of those members; even though genealogical research may be an educational activity in other respects. Therefore, we have determined that you are not operated exclusively for educational or other exempt purposes stated in Section 501(c)(3) of the Code.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(3) of the code and propose to deny your request for exemption under that section.

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

Contributions made to you are not deductible by the donors as charitable contributions as defined in section 170(c) of the Code.

If you do not agree with this determination you may protest in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completions.

If we do not hear from you within that time this determination will be considered final and the appropriate State Officials will be notified.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Sincerely yours,

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District Director

Enclosure: Publication 892